AN ACT concerning gaming; relating to the Kansas expanded lottery act; authorizing sports wagering; amending K.S.A. 74-8702, 74-8710, 74-8716, 74-8733, 74-8734, 74-8741, 74-8751, 74-8752, 74-8757, 74-8760 and 74-8766 and K.S.A. 2018 Supp. 21-6403 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

New Section 1. Lottery facility games, including sports wagering, shall not be authorized, permitted or offered in the state of Kansas except pursuant to the terms and conditions of any lottery gaming facility or racetrack gaming facility management contract, or amended management contract, approved by the commission under K.S.A. 74-8734 or 74-8741, and amendments thereto.

New Sec. 2. Sports wagering operators shall immediately report to the Kansas racing and gaming commission any information relating to:

(a) Criminal or disciplinary proceedings commenced against the sports wagering operator in connection with the operations of such operator;

(b) abnormal wagering activity or patterns that may indicate a concern with the integrity of a sporting event;

(c) any conduct that corrupts a betting outcome of a sporting event for purposes of financial gain, including, but not limited to, match fixing; or

(d) any wagering activities that the operator knows or suspects violates federal or state law, including, but not limited to: (1) The use of funds derived from illegal activity; (2) wagers placed to conceal money derived from illegal activity; (3) using other individuals to place wagers; and (4) the use of false identification when placing a wager.

New Sec. 3. Any person convicted of any felony or misdemeanor offense involving sports wagering, including, but not limited to, the use of funds derived from illegal activity to make wagers, placing wagers to conceal money derived from illegal activity, the use of other individuals to place wagers as part of any wagering scheme to circumvent any provision of federal or state law, and the use of false identification to facilitate the placement of any wager or the collection of any prize in violation of federal or state law, shall be prohibited from placing a wager with a sports wagering operator, provided that the operator has knowledge of such
conduct. The sports wagering operator shall take reasonable steps to prevent any such person from placing sports wagers in this state.

New Sec. 4. Upon request by an individual, a sports wagering operator shall restrict such person from placing sports wagers with the operator and shall take reasonable measures to prevent such person from placing sports wagers. The sports wagering operator shall submit the restricted person's name and pertinent information to the Kansas racing and gaming commission for the sole purpose of having such information disseminated to all other sports wagering operators. Any sports wagering operator that receives such person's information from the Kansas racing and gaming commission shall restrict such person from placing sports wagers.

New Sec. 5. (a) No person shall offer sports wagering on behalf of the Kansas lottery or any lottery gaming facility manager or racetrack gaming facility manager through an interactive sports wagering platform, unless such person holds an interactive sports wagering platform license issued by the Kansas racing and gaming commission. An applicant for an interactive sports wagering platform license shall apply for such license in such form and manner as prescribed by the Kansas racing and gaming commission.

(b) The Kansas racing and gaming commission may revoke or suspend an interactive sports wagering platform license, or may impose a civil fine in an amount not to exceed $10,000 per failure or violation, or both, if the commission finds probable cause to believe that the licensee knowingly violated any enforcement provision related to sports wagering or any related rules and regulations adopted in connection therewith.

(c) Any information submitted to the Kansas racing and gaming commission by an applicant pursuant to this section that contains proprietary information, trade secrets, financial information or personally identifiable information shall be considered confidential and exempt from the open records act, K.S.A. 45-215 et seq., and amendments thereto. The provisions of this subsection shall expire on July 1, 2024, unless the legislature reviews and reenacts such provisions in accordance with K.S.A. 45-229, and amendments thereto, prior to July 1, 2024.

Sec. 6. K.S.A. 2018 Supp. 21-6403 is hereby amended to read as follows: 21-6403. As used in K.S.A. 2018 Supp. 21-6403 through 21-6409, and amendments thereto:

(a) "Bet" means a bargain in which the parties agree that, dependent upon chance, one stands to win or lose something of value specified in the agreement. A bet does not include:

(1) Bona fide business transactions which are valid under the law of contracts including, but not limited to, contracts for the purchase or sale at a future date of securities or other commodities, and agreements to
compensation for loss caused by the happening of the chance including, but not limited to, contracts of indemnity or guaranty and life or health and accident insurance;
(2) offers of purses, prizes or premiums to the actual contestants in any bona fide contest for the determination of skill, speed, strength or endurance or to the bona fide owners of animals or vehicles entered in such a contest;
(3) a lottery as defined in this section;
(4) any bingo game by or for participants managed, operated or conducted in accordance with the laws of the state of Kansas by an organization licensed by the state of Kansas to manage, operate or conduct games of bingo;
(5) a lottery operated by the state pursuant to the Kansas lottery act;
(6) any system of parimutuel wagering managed, operated and conducted in accordance with the Kansas parimutuel racing act;
(7) tribal gaming;
(8) charitable raffles as defined by K.S.A. 2018 Supp. 75-5173, and amendments thereto; or
(9) a fantasy sports league as defined in this section; or
(10) sports wagering, as defined in K.S.A. 74-8702, and amendments thereto;
(b) "lottery" means an enterprise wherein for a consideration the participants are given an opportunity to win a prize, the award of which is determined by chance. A lottery does not include:
(1) A lottery operated by the state pursuant to the Kansas lottery act; or
(2) tribal gaming;
(c) "consideration" means anything which is a commercial or financial advantage to the promoter or a disadvantage to any participant. Mere registration without purchase of goods or services; personal attendance at places or events, without payment of an admission price or fee; listening to or watching radio and television programs; answering the telephone or making a telephone call and acts of like nature are not consideration. "Consideration" shall not include sums of money paid by or for:
(1) Participants in any bingo game managed, operated or conducted in accordance with the laws of the state of Kansas by any bona fide nonprofit religious, charitable, fraternal, educational or veteran organization licensed to manage, operate or conduct bingo games under the laws of the state of Kansas and it shall be conclusively presumed that such sums paid by or for such participants were intended by such participants to be for the benefit of the sponsoring organizations for the use of such sponsoring organizations in furthering the purposes of such
sponsoring organizations, as set forth in the appropriate paragraphs of section 501(c) or (d) of the internal revenue code of 1986 and as set forth in K.S.A. 79-4701, and amendments thereto;

(2) participants in any lottery operated by the state pursuant to the Kansas lottery act;

(3) participants in any system of parimutuel wagering managed, operated and conducted in accordance with the Kansas parimutuel racing act; or

(4) a person to participate in tribal gaming;

(d) "fantasy sports league" means any fantasy or simulation sports game or contest in which no fantasy or simulation sports team is based on the current membership of an actual team that is a member of an amateur or professional sports organization and that meets the following conditions:

(1) All prizes and awards offered to winning participants are established and made known to the participants in advance of the game or contest and their value is not determined by the number of participants or the amount of any fees paid by those participants;

(2) all winning outcomes reflect the relative knowledge and skill of the participants and are determined predominantly by accumulated statistical results of the performance of individual athletes in multiple real-world sporting events; and

(3) no winning outcome is based:

(A) On the score, point spread or any performance or performances of any single real-world team or any combination of such teams; or

(B) solely on any single performance of an individual athlete in any single real-world sporting event.

(e) (1) "gambling device" means any:

(A) So-called "slot machine" or any other machine, mechanical device, electronic device or other contrivance an essential part of which is a drum or reel with insignia thereon, and:

(i) Which when operated may deliver, as the result of chance, any money or property; or

(ii) by the operation of which a person may become entitled to receive, as the result of chance, any money or property;

(B) other machine, mechanical device, electronic device or other contrivance including, but not limited to, roulette wheels and similar devices, which are equipped with or designed to accommodate the addition of a mechanism that enables accumulated credits to be removed, is equipped with or designed to accommodate a mechanism to record the number of credits removed or is otherwise designed, manufactured or altered primarily for use in connection with gambling, and:

(i) Which when operated may deliver, as the result of chance, any
money or property; or

(ii) by the operation of which a person may become entitled to receive, as the result of chance, any money or property;

(C) subassembly or essential part intended to be used in connection with any such machine, mechanical device, electronic device or other contrivance, but which is not attached to any such machine, mechanical device, electronic device or other contrivance as a constituent part; or

(D) any token, chip, paper, receipt or other document which evidences, purports to evidence or is designed to evidence participation in a lottery or the making of a bet.

The fact that the prize is not automatically paid by the device does not affect its character as a gambling device.

(2) "Gambling device" shall not include:

(A) Any machine, mechanical device, electronic device or other contrivance used or for use by a licensee of the Kansas racing and gaming commission as authorized by law and rules and regulations adopted by the commission or by the Kansas lottery or Kansas lottery retailers as authorized by law and rules and regulations adopted by the Kansas lottery commission;

(B) any machine, mechanical device, electronic device or other contrivance, such as a coin-operated bowling alley, shuffleboard, marble machine, a so-called pinball machine, or mechanical gun, which is not designed and manufactured primarily for use in connection with gambling, and:

(i) Which when operated does not deliver, as a result of chance, any money; or

(ii) by the operation of which a person may not become entitled to receive, as the result of the application of an element of chance, any money;

(C) any so-called claw, crane or digger machine and similar devices which are designed and manufactured primarily for use at carnivals or county or state fairs; or

(D) any machine, mechanical device, electronic device or other contrivance used in tribal gaming;

(f) "gambling place" means any place, room, building, vehicle, tent or location which is used for any of the following: Making and settling bets; receiving, holding, recording or forwarding bets or offers to bet; conducting lotteries; or playing gambling devices. Evidence that the place has a general reputation as a gambling place or that, at or about the time in question, it was frequently visited by persons known to be commercial gamblers or known as frequenters of gambling places is admissible on the issue of whether it is a gambling place;

(g) "tribal gaming" means the same as in K.S.A. 74-9802, and
amendments thereto; and

(h) "tribal gaming commission" means the same as in K.S.A. 74-9802, and amendments thereto.

Sec. 7. K.S.A. 74-8702 is hereby amended to read as follows: 74-8702. As used in the Kansas lottery act, unless the context otherwise requires:

(a) "Ancillary lottery gaming facility operations" means additional non-lottery facility game products and services not owned and operated by the state which may be included in the overall development associated with the lottery gaming facility. Such operations may include, but are not limited to, restaurants, hotels, motels, museums or entertainment facilities.

(b) "Commission" means the Kansas lottery commission.

(c) "Electronic gaming machine" means any electronic, electromechanical, video or computerized device, contrivance or machine authorized by the Kansas lottery which, upon insertion of cash, tokens, electronic cards or any consideration, is available to play, operate or simulate the play of a game authorized by the Kansas lottery pursuant to the Kansas expanded lottery act, including, but not limited to, bingo, poker, blackjack, keno and slot machines, and which may deliver or entitle the player operating the machine to receive cash, tokens, merchandise or credits that may be redeemed for cash. Electronic gaming machines may use bill validators and may be single-position reel-type, single or multi-game video and single-position multi-game video electronic game, including, but not limited to, poker, blackjack and slot machines. Electronic gaming machines shall be directly linked to a central computer at a location determined by the executive director for purposes of security, monitoring and auditing.

(d) "Executive director" means the executive director of the Kansas lottery.

(e) "Gaming equipment" means any electric, electronic, computerized or electromechanical machine, mechanism, supply or device or any other equipment, which is: (1) Unique to the Kansas lottery and used pursuant to the Kansas lottery act; and (2) integral to the operation of an electronic gaming machine or lottery facility game; and (3) affects the results of an electronic gaming machine or lottery facility game by determining win or loss.

(f) "Gaming zone" means: (1) The northeast Kansas gaming zone, which consists of Wyandotte county; (2) the southeast Kansas gaming zone, which consists of Crawford and Cherokee counties; (3) the south central Kansas gaming zone, which consists of Sedgwick and Sumner counties; and (4) the southwest Kansas gaming zone, which consists of Ford county.

(g) "Gray machine" means any mechanical, electro-mechanical or
electronic device, capable of being used for gambling, that is: (1) Not
authorized by the Kansas lottery; (2) not linked to a lottery central
computer system; (3) available to the public for play; or (4) capable of
simulating a game played on an electronic gaming machine or any similar
gambling game authorized pursuant to the Kansas expanded lottery act.

(h) "Interactive sports wagering platform" means sports wagering
made available over the internet through a program or application,
including, but not limited to, through websites and mobile device
applications that accept wagers or bets and pay prizes to persons
physically located within the geographical boundaries of the state of
Kansas by and through a lottery gaming facility manager or racetrack
gaming facility manager in accordance with the Kansas expanded lottery
act, K.S.A. 74-8733 et seq., and amendments thereto.

(h)(i) (1) "Instant bingo vending machine" means a machine or
electronic device that is purchased or leased by a licensee, as defined by
K.S.A. 2018 Supp. 75-5173, and amendments thereto, from a distributor
who has been issued a distributor registration certificate pursuant to K.S.A.
2018 Supp. 75-5184, and amendments thereto, or leased from the Kansas
lottery in fulfillment of the Kansas lottery's obligations under an
agreement between the Kansas lottery and a licensee entered into pursuant
to K.S.A. 2018 Supp. 75-5189, and amendments thereto, and the sole
purpose of which is to:

(A) Dispense a printed physical instant bingo ticket after a purchaser
inserts cash or other form of consideration into the machine; and
(B) allow purchasers to manually check the winning status of the
instant bingo ticket.

(2) "Instant bingo vending machine" shall not:

(A) Provide a visual or audio representation of a bingo card or an
electronic gaming machine;
(B) visually or functionally have the same characteristics of an
electronic instant bingo game or an electronic gaming machine;
(C) automatically determine or display the winning status of any
dispensed instant bingo ticket;
(D) extend or arrange credit for the purchase of an instant bingo
ticket;
(E) dispense any winnings;
(F) dispense any prize;
(G) dispense any evidence of a prize other than an instant bingo
ticket;
(H) provide free instant bingo tickets or any other item that can be
redeemed for cash; or
(I) dispense any other form of a prize to a purchaser.

All physical instant bingo tickets dispensed by an instant bingo vending
machine shall be purchased by a licensee, as defined by K.S.A. 2018 Supp.
75-5173, and amendments thereto, from a registered distributor.

No more than two instant bingo vending machines may be located on
the premises of each licensee location.

(i) "Kansas lottery" means the state agency created by this act to
operate a lottery or lotteries pursuant to this act.

(j) "Lottery" or "state lottery" means the lottery or lotteries
operated pursuant to this act.

(k) "Lottery facility games" means any electronic gaming machines
and any other games which, as of January 1, 2007, are authorized to be
conducted or operated at a tribal gaming facility, as defined in K.S.A. 74-
9802, and amendments thereto, located within the boundaries of this state.

(l) "Lottery gaming enterprise" means an entertainment enterprise
which includes a lottery gaming facility authorized pursuant to the Kansas
expanded lottery act and ancillary lottery gaming facility operations that
have a coordinated business or marketing strategy. A lottery gaming
enterprise shall be designed to attract to its lottery gaming facility
consumers who reside outside the immediate area of such enterprise.

(m) "Lottery gaming facility" means that portion of a building
used for the purposes of operating, managing and maintaining lottery
facility games.

(o) "Lottery gaming facility expenses" means normal business
expenses, as defined in the lottery gaming facility management contract,
associated with the ownership and operation of a lottery gaming facility.

(p) "Lottery gaming facility management contract" means a
contract, subcontract or collateral agreement between the state and a
lottery gaming facility manager for the management of a lottery gaming
facility, the business of which is owned and operated by the Kansas lottery,
negotiated and signed by the executive director on behalf of the state.

(q) "Lottery gaming facility manager" means a corporation,
limited liability company, resident Kansas American Indian tribe or other
business entity authorized to construct and manage, or manage alone,
pursuant to a lottery gaming facility management contract with the Kansas
lottery, and on behalf of the state, a lottery gaming enterprise and lottery
gaming facility.

(r) "Lottery gaming facility revenues" means the total revenues
from lottery facility games at a lottery gaming facility after all related
prizes are paid. The term "lottery gaming facility revenues" does not
include sports wagering revenues.

(s) (1) "Lottery machine" means any machine or device that allows
a purchaser to insert cash or other form of consideration and may deliver
as the result of an element of chance, regardless of the skill required by the
purchaser, a prize or evidence of a prize, including, but not limited to:
(A) Any machine or device in which the prize or evidence of a prize is determined by both chance and the purchaser's or purchasers' skill, including, but not limited to, any machine or device on which a lottery game or lottery games, such as poker or blackjack, are played; or
(B) any machine or device in which the prize or evidence of a prize is determined only by chance, including, but not limited to, any slot machine or bingo machine.

(2) "Lottery machine" shall not mean:
(A) Any food vending machine defined by K.S.A. 36-501, and amendments thereto;
(B) any nonprescription drug machine authorized under K.S.A. 65-650, and amendments thereto;
(C) any machine which dispenses only bottled or canned soft drinks, chewing gum, nuts or candies;
(D) any machine excluded from the definition of gambling devices under K.S.A. 21-4302(d), prior to its repeal, or K.S.A. 2018 Supp. 21-6403, and amendments thereto;
(E) any electronic gaming machine or lottery facility game operated in accordance with the provisions of the Kansas expanded lottery act;
(F) any lottery ticket vending machine; or
(G) any instant bingo vending machine.

(s) (t) "Lottery retailer" means any person with whom the Kansas lottery has contracted to sell lottery tickets or shares, or both, to the public.

(t) (u) (1) "Lottery ticket vending machine" means a machine or similar electronic device owned or leased by the Kansas lottery, the sole purposes of which are to:
(A) Dispense a printed physical ticket, such as a lottery ticket, a keno ticket, a pull tab ticket or a coupon, the coupon of which must be redeemed through something other than a lottery ticket vending machine, after a purchaser inserts cash or other form of consideration into the machine;
(B) allow purchasers to manually check the winning status of a Kansas lottery ticket; and
(C) display advertising, promotions and other information pertaining to the Kansas lottery.

(2) "Lottery ticket vending machine" shall not:
(A) Provide a visual or audio representation of an electronic gaming machine;
(B) visually or functionally have the same characteristics of an electronic gaming machine;
(C) automatically determine or display the winning status of any dispensed ticket;
(D) extend or arrange credit for the purchase of a ticket;
(E) dispense any winnings;
(F) dispense any prize;
(G) dispense any evidence of a prize other than the lottery ticket, keno ticket, pull tab ticket or any free Kansas lottery ticket received as a result of the purchase of another Kansas lottery ticket;
(H) provide free games or any other item that can be redeemed for cash; or
(I) dispense any other form of a prize to a purchaser.

No more than two lottery ticket vending machines may be located at each Kansas lottery retailer selling location.

Lottery ticket vending machines may only dispense the printed physical lottery ticket, keno ticket or pull tab ticket, including any free Kansas lottery ticket received as a result of the purchase of another Kansas lottery ticket, and change from a purchase to the purchaser. Any winnings from a lottery ticket vending machine shall be redeemed only for cash or check by a lottery retailer or by cash, check or other prize from the office of the Kansas lottery.

(u)(v) (1) "Major procurement" means any gaming product or service, including, but not limited to, facilities, advertising and promotional services, annuity contracts, prize payment agreements, consulting services, equipment, tickets and other products and services unique to the Kansas lottery, but not including materials, supplies, equipment and services common to the ordinary operations of state agencies.

(2) "Major procurement" shall not mean any product, service or other matter covered by or addressed in the Kansas expanded lottery act or a lottery gaming facility management contract or racetrack gaming facility management contract executed pursuant to the Kansas expanded lottery act.

(w) "Match fixing" means to arrange or determine the outcome of a sports event for financial gain.

(ν)(x) "Net electronic gaming machine income" means all cash or other consideration utilized to play an electronic gaming machine operated at a racetrack gaming facility, less all cash or other consideration paid out to winning players as prizes.

(ω)(y) "Organization licensee" has the meaning provided by K.S.A. 74-8802, and amendments thereto.

(ξ)(z) "Parimutuel licensee" means a facility owner licensee or facility manager licensee under the Kansas parimutuel racing act.

(υ)(aa) "Parimutuel licensee location" means a racetrack facility, as defined in K.S.A. 74-8802, and amendments thereto, owned or managed by the parimutuel licensee. A parimutuel licensee location may include any existing structure at such racetrack facility or any structure that may be constructed on real estate where such racetrack facility is located.
"Person" means any natural person, association, limited liability company, corporation or partnership.

"Prize" means any prize paid directly by the Kansas lottery pursuant to the Kansas lottery act or the Kansas expanded lottery act or any rules and regulations adopted pursuant to either act.

"Progressive electronic game" means a game played on an electronic gaming machine for which the payoff increases uniformly as the game is played and for which the jackpot, determined by application of a formula to the income of independent, local or interlinked electronic gaming machines, may be won.

"Racetrack gaming facility" means that portion of a parimutuel licensee location where electronic gaming machines are operated, managed and maintained.

"Racetrack gaming facility management contract" means an agreement between the Kansas lottery and a racetrack gaming facility manager, negotiated and signed by the executive director on behalf of the state, for placement of electronic gaming machines owned and operated by the state at a racetrack gaming facility.

"Racetrack gaming facility manager" means a parimutuel licensee specifically certified by the Kansas lottery to become a certified racetrack gaming facility manager and offer electronic gaming machines for play at the racetrack gaming facility.

"Returned ticket" means any ticket which was transferred to a lottery retailer, which was not sold by the lottery retailer and which was returned to the Kansas lottery for refund by issuance of a credit or otherwise.

"Share" means any intangible manifestation authorized by the Kansas lottery to prove participation in a lottery game, except as provided by the Kansas expanded lottery act.

"Sporting event" means any professional or collegiate sport or athletic event, motor race event or any other event for which a wager is authorized by the commission that has not occurred at the time wagers are placed on such event. The term "sporting event" does not include any horse or greyhound race that is subject to the provisions of the Kansas parimutuel racing act, K.S.A. 74-8801 et seq., and amendments thereto. The term "sporting event" does not include any activity where the age of the majority of the participants is less than 18 years.

"Sports wagering" means placing a wager or bet on one or more sporting events, or any portion thereof, or on the individual performance statistics of athletes participating in a sporting event, or combination of sporting events, by any system or method of wagering approved by the commission at or through a lottery gaming facility or racetrack gaming facility or through an interactive sports wagering
platform. The term "sports wagering" shall include, but is not limited to, single-game bets, teaser bets, parlays, over-under bets, moneyline, pools, exchange wagerings, in-game wagering, in-play bets, proposition bets and straight bets.

(2) The term "sports wagering" does not include parimutuel wagering, as such term is defined in K.S.A. 74-8802, and amendments thereto, or fantasy sports leagues, as such term is defined in K.S.A. 2018 Supp. 21-6403, and amendments thereto.

(ll) "Sports wagering operator" means any lottery gaming facility manager or racetrack gaming facility manager that has entered into an approved management contract, in accordance with the Kansas expanded lottery act, that provides for operating and managing sports wagering, including any licensed third-party that has contracted with such lottery gaming facility manager or racetrack gaming facility manager.

(mm) "Sports wagering revenues" means wagering revenue generated from sports betting that shall be an amount equal to the total wagers less any voided wagers, applicable fees, federal excise taxes and any amounts paid as prizes. Sports wagering revenues shall not be considered lottery gaming facility revenues.

(oo) "Ticket" means any tangible evidence issued by the Kansas lottery to prove participation in a lottery game other than a lottery facility game.

(oo) "Token" means a representative of value, of metal or other material, which is not legal tender, redeemable for cash only by the issuing lottery gaming facility manager or racetrack gaming facility manager and which is issued and sold by a lottery gaming facility manager or racetrack gaming facility manager for the sole purpose of playing an electronic gaming machine or lottery facility game.

(pp) "Vendor" means any person who has entered into a major procurement contract with the Kansas lottery.

(qq) "Video lottery machine" means any electronic video game machine that, upon insertion of cash, is available to play or simulate the play of a video game authorized by the commission, including, but not limited to, bingo, poker, black jack and keno, and which uses a video display and microprocessors and in which, by chance, the player may receive free games or credits that can be redeemed for cash.

(rr) "Wager" or "bet" means a bargain in which the parties agree that, dependent upon chance, one stands to win or lose something of value specified in the agreement.

Sec. 8. K.S.A. 74-8710 is hereby amended to read as follows: 74-8710. (a) The commission, upon the recommendation of the executive director, shall adopt rules and regulations governing the establishment and operation of a state lottery, sales of lottery tickets and the operation of
lottery gaming facilities and racetrack gaming facilities and the operation of sports wagering as necessary to carry out the purposes of the Kansas lottery act and the Kansas expanded lottery act. Temporary rules and regulations may be adopted by the commission without being subject to the provisions and requirements of K.S.A. 77-415 through 77-438, and amendments thereto, but shall be subject to approval by the attorney general as to legality and shall be filed with the secretary of state and published in the Kansas register. Temporary and permanent rules and regulations may include, but shall not be limited to:

1. Subject to the provisions of subsection (c), the types of lottery games to be conducted, including, but not limited to, instant lottery, online, traditional games, lottery facility games and electronic gaming machine games but not including games on video lottery machines or lottery machines.

2. The manner of selecting the winning tickets or shares, except that, if a lottery game utilizes a drawing of winning numbers, a drawing among entries or a drawing among finalists, such drawings shall always be open to the public and shall be recorded on both video and audio tape.

3. The manner of payment of prizes to the holders of winning tickets or shares.

4. The frequency of the drawings or selections of winning tickets or shares.

5. The type or types of locations at which tickets or shares may be sold.

6. The method or methods to be used in selling tickets or shares.

7. Additional qualifications for the selection of lottery retailers and the amount of application fees to be paid by each.

8. The amount and method of compensation to be paid to lottery retailers, including special bonuses and incentives.

9. Deadlines for claims for prizes by winners of each lottery game.


11. Information required to be submitted by vendors, in addition to that required by K.S.A. 74-8705, and amendments thereto.

12. The major procurement contracts or portions thereof to be awarded to minority business enterprises pursuant to subsection (a) of K.S.A. 74-8705(a), and amendments thereto, and procedures for the award thereof.

13. Rules and regulations to implement, administer and enforce the provisions of the Kansas expanded lottery act. Such rules and regulations shall include, but not be limited to, rules and regulations which govern management contracts and which are designed to: (A) Ensure the integrity of electronic gaming machines and, other lottery facility games, sports
wagering and the finances of lottery gaming facilities and racetrack
gaming facilities; and (B) promote responsible gaming and alleviate
problem gambling, including a requirement that each lottery gaming
facility and each racetrack gaming facility maintain a self-exclusion list by
which individuals may exclude themselves from access to electronic
gaming machines and other lottery facility games and sports wagering.

(14) The types of electronic gaming machines, lottery facility games
and electronic gaming machine games to be operated pursuant to the
Kansas expanded lottery act.

(b) No new lottery game shall commence operation after the effective
date of this act unless first approved by the governor or, in the governor's
absence or disability, the lieutenant governor. This subsection shall not be
construed to require approval of games played on an electronic gaming
machine.

(c) The lottery shall adopt rules and regulations concerning the game
of keno. Such rules and regulations shall require that the amount of time
which elapses between the start of games shall not be less than four
minutes.

Sec. 9. K.S.A. 74-8716 is hereby amended to read as follows: 74-
8716. (a) It is unlawful for the executive director, a member of the
commission or any employee of the Kansas lottery, or any person residing
in the household thereof to:

(1) Have, either directly or indirectly, an interest in a business
knowing that such business contracts with the Kansas lottery for a major
procurement, whether such interest is as a natural person, partner, member
of an association, stockholder or director or officer of a corporation; or

(2) accept or agree to accept any economic opportunity, gift, loan,
gratuity, special discount, favor or service, or hospitality other than food
and beverages, having an aggregate value of $20 or more in any calendar
year from a person knowing that such person: (A) Contracts or seeks to
contract with the state to supply gaming equipment, materials, tickets or
consulting services for use in the lottery; or (B) is a lottery retailer or an
applicant for lottery retailer.

(b) It is unlawful for a lottery retailer, an applicant for lottery retailer
or a person who contracts or seeks to contract with the state to supply
gaming equipment, materials, tickets or consulting services for use in the
lottery to offer, pay, give or make any economic opportunity, gift, loan,
gratuity, special discount, favor or service, or hospitality other than food
and beverages, having an aggregate value of $20 or more in any calendar
year to a person, knowing such person is the executive director, a member
of the commission or an employee of the Kansas lottery, or a person
residing in the household thereof.

(c) It shall be unlawful for any person to serve as executive director, a
member of the commission or an employee of the Kansas lottery while or
within five years after holding, either directly or indirectly, a financial
interest or being employed by or a consultant to any of the following:

(1) Any lottery gaming facility manager, subcontractor or agent of a
lottery gaming facility manager, manufacturer or vendor of electronic
gaming machines, interactive sports wagering platform licensee or central
computer system provider, or any business—which that sells goods or
services to a lottery gaming facility manager; or

(2) any licensee pursuant to the Kansas parimutuel racing act, other
than the Kansas lottery or a person holding a license on behalf of the
Kansas lottery, or any business which sells goods or services to a
parimutuel licensee.

(d) No person who holds a license issued by the Kansas racing and
gaming commission shall serve as executive director or as a member of the
commission or shall be employed by the Kansas lottery while or within
five years after holding such license.

(e) No person shall participate, directly or indirectly, as an owner,
owner-trainer or trainer of a horse or greyhound, or as a jockey of a horse,
entered in a race meeting conducted in this state while executive director, a
member of the commission or an employee of the Kansas lottery.

(f) It shall be unlawful for the executive director, a member of the
commission or an employee of the Kansas lottery to accept any
compensation, gift, loan, entertainment, favor or service from any lottery
gaming facility manager, subcontractor or agent of a lottery gaming
facility manager, manufacturer or vendor of electronic gaming machines,
interactive sports wagering platform licensee or central computer system
provider.

(g) It shall be unlawful for the executive director, a member of the
commission or an employee of the Kansas lottery to accept any
compensation, gift, loan, entertainment, favor or service from any licensee
pursuant to the Kansas parimutuel racing act, except such suitable facilities
and services within a racetrack facility operated by an organization
licensee as may be required to facilitate the performance of the executive
director's, member's or employee's official duties.

(h) Violation of this section is a class A misdemeanor.

(i) If the executive director, a member of the commission or an
employee of the Kansas lottery, or any person residing in the household
thereof, is convicted of an act described by this section, such executive
director, member or employee shall be removed from office or
employment with the Kansas lottery.

(j) In addition to the provisions of this section, all other provisions of
law relating to conflicts of interest of state employees shall apply to the
members of the commission and employees of the Kansas lottery.
Sec. 10. K.S.A. 74-8733 is hereby amended to read as follows: 74-8733. (a) K.S.A. 74-8733 through 74-8773, and amendments thereto, and sections 1 through 5, and amendments thereto, shall be known and may be cited as the Kansas expanded lottery act. The Kansas expanded lottery act shall be a part of and supplemental to the Kansas lottery act.

(b) If any provision of this act or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect any other provision or application of the act which can be given effect without the invalid provision or application.

(c) Any action challenging the constitutionality of or arising out of any provision of this act, any lottery gaming facility management contract or any racetrack gaming facility management contract entered into pursuant to this act shall be brought in the district court of Shawnee county.

Sec. 11. K.S.A. 74-8734 is hereby amended to read as follows: 74-8734. (a) The Kansas lottery may operate one lottery gaming facility in each gaming zone.

(b) Not more than 30 days after the effective date of this act the lottery commission shall adopt and publish in the Kansas register the procedure for receiving, considering and approving, proposed lottery gaming facility management contracts. Such procedure shall include provisions for review of competitive proposals within a gaming zone and the date by which proposed lottery gaming facility management contracts must be received by the lottery commission if they are to receive consideration.

(c) The lottery commission shall adopt standards to promote the integrity of the gaming and finances of lottery gaming facilities, which shall apply to all management contracts, shall meet or exceed industry standards for monitoring and controlling the gaming and finances of gaming facilities and shall give the executive director sufficient authority to monitor and control the gaming operation and to ensure its integrity and security.

(d) The Kansas lottery commission may approve management contracts with one or more prospective lottery gaming facility managers to manage, or construct and manage, on behalf of the state of Kansas and subject to the operational control of the Kansas lottery, a lottery gaming facility or lottery gaming enterprise at specified destination locations within the northeast, south central, southwest and southeast Kansas gaming zones where the commission determines the operation of such facility would promote tourism and economic development. The commission shall approve or disapprove a proposed management contract within 90 days after the deadline for receipt of proposals established pursuant to subsection (b).
(e) In determining whether to approve a management contract with a prospective lottery gaming facility manager to manage a lottery gaming facility or lottery gaming enterprise pursuant to this section, the commission shall take into consideration the following factors: The size of the proposed facility; the geographic area in which such facility is to be located; the proposed facility's location as a tourist and entertainment destination; the estimated number of tourists that would be attracted by the proposed facility; the number and type of lottery facility games to be operated at the proposed facility; and agreements related to ancillary lottery gaming facility operations.

(f) Subject to the requirements of this section, the commission shall approve at least one proposed lottery gaming facility management contract for a lottery gaming facility in each gaming zone.

(g) The commission shall not approve a management contract unless:

1. (A) The prospective lottery gaming facility manager is a resident Kansas American Indian tribe and, at a minimum: (i) Has sufficient access to financial resources to support the activities required of a lottery gaming facility manager under the Kansas expanded lottery act; and (ii) has three consecutive years' experience in the management of gaming which would be class III gaming, as defined in K.S.A. 46-2301, and amendments thereto, operated pursuant to state or federal law; or

2. (B) the prospective lottery gaming facility manager is not a resident Kansas American Indian tribe and, at a minimum: (i) Has sufficient access to financial resources to support the activities required of a lottery gaming facility manager under the Kansas expanded lottery act; (ii) is current in filing all applicable tax returns and in payment of all taxes, interest and penalties owed to the state of Kansas and any taxing subdivision where such prospective manager is located in the state of Kansas, excluding items under formal appeal pursuant to applicable statutes; and (iii) has three consecutive years' experience in the management of gaming which would be class III gaming, as defined in K.S.A. 46-2301, and amendments thereto, operated pursuant to state or federal law; and

2. (2) the commission determines that the proposed development consists of an investment in infrastructure, including ancillary lottery gaming facility operations, of at least $225,000,000 in the northeast and south central Kansas gaming zones and of at least $50,000,000 in the southeast and southwest Kansas gaming zones. The commission, in determining whether the minimum investment required by this subsection is met, shall not include any amounts derived from or financed by state or local retailers' sales tax revenues.

(h) Any management contract approved by the commission under this section shall:

1. Have a maximum initial term of 15 years from the date of opening
of the lottery gaming facility. At the end of the initial term, the contract may be renewed by mutual consent of the state and the lottery gaming facility manager;

(2) specify the total amount to be paid to the lottery gaming facility manager pursuant to the contract;

(3) establish a mechanism to facilitate payment of lottery gaming facility expenses, payment of the lottery gaming facility manager's share of the lottery gaming facility revenues and distribution of the state's share of the lottery gaming facility revenues;

(4) include a provision for the lottery gaming facility manager to pay the costs of oversight and regulation of the lottery gaming facility manager and the operations of the lottery gaming facility by the Kansas racing and gaming commission;

(5) establish the types of lottery facility games to be installed in such facility;

(6) provide for the prospective lottery gaming facility manager, upon approval of the proposed lottery gaming facility management contract, to pay to the state treasurer a privilege fee of $25,000,000 for the privilege of being selected as a lottery gaming facility manager of a lottery gaming facility in the northeast or south central Kansas gaming zone and $5,500,000 for the privilege of being selected as a lottery gaming facility manager of a lottery gaming facility in the southeast or southwest Kansas gaming zone. Such fee shall be deposited in the state treasury and credited to the lottery gaming facility manager fund, which is hereby created in the state treasury;

(7) incorporate terms and conditions for the ancillary lottery gaming facility operations;

(8) designate as key employees, subject to approval of the executive director, any employees or contractors providing services or functions which are related to lottery facility games authorized by a management contract;

(9) include financing commitments for construction;

(10) include a resolution of endorsement from the city governing body, if the proposed facility is within the corporate limits of a city, or from the county commission, if the proposed facility is located in the unincorporated area of the county;

(11) include a requirement that any parimutuel licensee developing a lottery gaming facility pursuant to this act comply with all orders and rules and regulations of the Kansas racing and gaming commission with regard to the conduct of live racing, including the same minimum days of racing as specified in K.S.A. 74-8746, and amendments thereto, for operation of electronic gaming machines at racetrack gaming facilities;

(12) include a provision for the state to receive not less than 22% of
lottery gaming facility revenues, which shall be paid to the expanded lottery act revenues fund established by K.S.A. 74-8768, and amendments thereto;
(13) include a provision for 2% of lottery gaming facility revenues to be paid to the problem gambling and addictions grant fund established by K.S.A. 2018 Supp. 79-4805, and amendments thereto;
(14) if the prospective lottery gaming facility manager is an American Indian tribe, include a provision that such tribe agrees to waive its sovereign immunity with respect to any actions arising from or to enforce either the Kansas expanded lottery act or any provision of the lottery gaming facility management contract; any action brought by an injured patron or by the state of Kansas; any action for purposes of enforcing the workers compensation act or any other employment or labor law; and any action to enforce laws, rules and regulations and codes pertaining to health, safety and consumer protection; and for any other purpose deemed necessary by the executive director to protect patrons or employees and promote fair competition between the tribe and others seeking a lottery gaming facility management contract;
(15) (A) if the lottery gaming facility is located in the northeast or southwest Kansas gaming zone and is not located within a city, include a provision for payment of an amount equal to 3% of the lottery gaming facility revenues to the county in which the lottery gaming facility is located; or (B) if the lottery gaming facility is located in the northeast or southwest Kansas gaming zone and is located within a city, include provision for payment of an amount equal to 1.5% of the lottery gaming facility revenues to the city in which the lottery gaming facility is located and an amount equal to 1.5% of such revenues to the county in which such facility is located;
(16) (A) if the lottery gaming facility is located in the southeast or south central Kansas gaming zone and is not located within a city, include a provision for payment of an amount equal to 2% of the lottery gaming facility revenues to the county in which the lottery gaming facility is located and an amount equal to 1% of such revenues to the other county in such zone; or (B) if the lottery gaming facility is located in the southeast or south central Kansas gaming zone and is located within a city, provide for payment of an amount equal to 1% of the lottery gaming facility revenues to the city in which the lottery gaming facility is located, an amount equal to 1% of such revenues to the county in which such facility is located and an amount equal to 1% of such revenues to the other county in such zone;
(17) allow the lottery gaming facility manager to manage the lottery gaming facility in a manner consistent with this act and applicable law, but shall place full, complete and ultimate ownership and operational control of the gaming operation of the lottery gaming facility with the Kansas
lottery. The Kansas lottery shall not delegate and shall explicitly retain the power to overrule any action of the lottery gaming facility manager affecting the gaming operation without prior notice. The Kansas lottery shall retain full control over all decisions concerning lottery gaming facility games and sports wagering;

(18) include provisions for the Kansas racing and gaming commission to oversee all lottery gaming facility operations, including, but not limited to: Oversight of internal controls; oversight of security of facilities; performance of background investigations, determination of qualifications and credentialing of employees, contractors and agents of the lottery gaming facility manager and of ancillary lottery gaming facility operations, as determined by the Kansas racing and gaming commission; auditing of lottery gaming facility revenues and sports wagering revenues; enforcement of all state laws and maintenance of the integrity of gaming operations; and

(19) include enforceable provisions: (A) Prohibiting the state, until July 1, 2032, from: (i) Entering into management contracts for more than four lottery gaming facilities or similar gaming facilities, one to be located in the northeast Kansas gaming zone, one to be located in the south central Kansas gaming zone, one to be located in the southwest Kansas gaming zone and one to be located in the southeast Kansas gaming zone; (ii) Designating additional areas of the state where operation of lottery gaming facilities or similar gaming facilities would be authorized; or (iii) Operating an aggregate of more than 2,800 electronic gaming machines at all parimutuel licensee locations; or (iv) Operating any gambling or betting through the internet other than through a lottery gaming facility or racetrack gaming facility; and (B) Requiring the state to repay to the lottery gaming facility manager an amount equal to the privilege fee paid by such lottery gaming facility manager, plus interest on such amount, compounded annually at the rate of 10%, if the state violates the prohibition provision described in (A).

(i) Any management contract approved by the commission under this section may include provisions for operating and managing sports wagering by the lottery gaming facility manager in person at the lottery gaming facility and over the internet via an interactive sports wagering platform, provided that each lottery gaming facility shall be limited to one interactive sports wagering platform. Subject to the approval of the commission and operational control of the Kansas lottery, such provisions may authorize the lottery gaming facility manager on behalf of the Kansas lottery to contract with a third party to provide ancillary services related to sports wagering, including, but not limited to, banking for sports wagering operations, setting of odds for sports wagering and supplying equipment, software and any other items ancillary to processing sports wagering operations.
wagers at the lottery gaming facility and over the internet via an
interactive sports wagering platform. If a management contract includes
such provisions, then such contract shall include a provision for the state
to receive 6.75% of the sports wagering revenues, which shall be paid to
the expanded lottery act revenues fund established by K.S.A. 74-8768, and
amendments thereto, and the remaining sports wagering revenues shall be
distributed to the lottery gaming facility manager.

(Θ)(j) The power of eminent domain shall not be used to acquire any
interest in real property for use in a lottery gaming enterprise.

(Θ)(k) Any proposed management contract for which the privilege fee
has not been paid to the state treasurer within 30 days after the date of
approval of the management contract shall be null and void.

(Θ)(l) A person who is the manager of the racetrack gaming facility in
a gaming zone shall not be eligible to be the manager of the lottery gaming
facility in the same zone.

(Θ)(m) Management contracts authorized by this section may include
provisions relating to:

(1) Accounting procedures to determine the lottery gaming facility
revenues, unclaimed prizes and credits;

(2) minimum requirements for a lottery gaming facility manager to
provide qualified oversight, security and supervision of the lottery facility
games including the use of qualified personnel with experience in
applicable technology;

(3) eligibility requirements for employees, contractors or agents of a
lottery gaming facility manager who will have responsibility for or
involvement with actual gaming activities or for the handling of cash or
tokens;

(4) background investigations to be performed by the Kansas racing
and gaming commission;

(5) credentialing requirements for any employee, contractor or agent
of the lottery gaming facility manager or of any ancillary lottery gaming
facility operation as provided by the Kansas expanded lottery act or rules
and regulations adopted pursuant thereto;

(6) provision for termination of the management contract by either
party for cause; and

(7) any other provision deemed necessary by the parties, including
such other terms and restrictions as necessary to conduct any lottery
facility game in a legal and fair manner.

(Θ)(n) A management contract shall not constitute property, nor shall
it be subject to attachment, garnishment or execution, nor shall it be
alienable or transferable, except upon approval by the executive director,
or shall it be subject to being encumbered or hypothecated. The trustee of
any insolvent or bankrupt lottery gaming facility manager may continue to
operate pursuant to the management contract under order of the appropriate court for no longer than one year after the bankruptcy or insolvency of such manager.

(n)(o) (1) The Kansas lottery shall be the licensee and owner of all software programs used at a lottery gaming facility for any lottery facility game.

(2) A lottery gaming facility manager, on behalf of the state, shall purchase or lease for the Kansas lottery all lottery facility games. All lottery facility games shall be subject to the ultimate control of the Kansas lottery in accordance with this act.

(3) If a lottery gaming facility manager agrees to conduct sports wagering, the Kansas lottery shall be the licensee and owner of all software programs used in conducting sports wagering, and the lottery gaming facility manager, on behalf of the state, shall purchase or lease for the Kansas lottery any equipment or other property necessary for conducting sports wagering, including any interactive sports wagering platform. All sports wagering shall be subject to the ultimate control of the Kansas lottery in accordance with the Kansas expanded lottery act.

(o)(p) A lottery gaming facility shall comply with any planning and zoning regulations of the city or county in which it is to be located. The executive director shall not contract with any prospective lottery gaming facility manager for the operation and management of such lottery gaming facility unless such manager first receives any necessary approval under planning and zoning requirements of the city or county in which it is to be located.

(q) Prior to expiration of the term of a lottery gaming facility management contract, the lottery commission may negotiate a new lottery gaming facility management contract with the lottery gaming facility manager if the new contract is substantially the same as the existing contract. Otherwise, the lottery gaming facility review board shall be reconstituted and a new lottery gaming facility management contract shall be negotiated and approved in the manner provided by this act.

Sec. 12. K.S.A. 74-8741 is hereby amended to read as follows: 74-8741. (a) The executive director of the Kansas lottery shall negotiate a racetrack gaming facility management contract to place electronic gaming machines at one parimutuel licensee location in each gaming zone except the southwest Kansas gaming zone. The racetrack management contract may also provide for the racetrack gaming facility manager to operate and manage sports wagering as provided in subsection (d).

(b) To be eligible to enter into a racetrack gaming facility management contract the prospective racetrack gaming facility manager shall, at a minimum:

(1) Have sufficient access to financial resources to support the
activities required of a racetrack gaming facility manager under the Kansas expanded lottery act; and

(2) be current in filing all applicable tax returns and in payment of all taxes, interest and penalties owed to the state of Kansas and any taxing subdivision where such prospective manager is located in the state of Kansas, excluding items under formal appeal pursuant to applicable statutes.

(c) A racetrack gaming facility management contract shall include:

(1) The term of the contract;

(2) provisions for the Kansas racing and gaming commission to oversee all racetrack gaming facility operations, including, but not limited to: Oversight of internal controls; oversight of security of facilities; performance of background investigations, determination of qualifications and any required certification or licensing of officers, directors, board members, employees, contractors and agents of the racetrack gaming facility manager; auditing of net electronic gaming machine income and maintenance of the integrity of electronic gaming machine operations;

(3) provisions for the racetrack gaming facility manager to pay the costs of oversight and regulation of the racetrack gaming facility manager under this act and such manager's racetrack gaming facility operations by the Kansas racing and gaming commission; and

(4) enforceable provisions: (A) Prohibiting the state, until July 1, 2032, from: (i) Entering into management contracts for more than three lottery gaming facilities or similar gaming facilities, one to be located in the northeast Kansas gaming zone, one to be located in the south central Kansas gaming zone, one located in the southwest Kansas gaming zone and one to be located in the southeast Kansas gaming zone; (ii) designating additional areas of the state where operation of lottery gaming facilities or similar gaming facilities would be authorized—or; (iii) operating an aggregate of more than 2,800 electronic gaming machines at all parimutuel licensee locations; or (iv) operating any gambling or betting through the internet other than through a lottery gaming facility or racetrack gaming facility; and (B) requiring the state to repay to the racetrack gaming facility manager an amount equal to the privilege fee paid by such racetrack gaming facility manager, plus interest on such amount, compounded annually at the rate of 10%, if the state violates the prohibition provision described in subparagraph (A).

(d) Any management contract approved by the commission under K.S.A. 74-8742, and amendments thereto, may include provisions for operating and managing sports wagering by the racetrack gaming facility manager in person at the racetrack gaming facility and over the internet via an interactive sports wagering platform, provided that each racetrack gaming facility shall be limited to one interactive sports
wagering platform. Subject to the approval of the commission and
goal operational control of the Kansas lottery, such provisions may authorize
the racetrack gaming facility manager on behalf of the Kansas lottery to
contract with a third party to provide ancillary services related to sports
wagering, including, but not limited to, banking for sports wagering
operations, setting of odds for sports wagering and supplying equipment,
software and any other items ancillary to processing sports wagers at the
racetrack gaming facility and over the internet via an interactive sports
wagering platform. If a management contract includes such provisions,
then such contract shall include a provision for the state to receive 6.75%
of the sports wagering revenues, which shall be paid to the expanded
lottery act revenues fund established by K.S.A. 74-8768, and amendments
thereto, and the remaining sports wagering revenues shall be distributed
to the racetrack gaming facility manager.

(4)(e) Racetrack gaming facility management contracts authorized by
this section may include provisions relating to:
(1) Accounting procedures to determine net electronic gaming
machine income, unclaimed prizes and credits;
(2) minimum requirements for a racetrack gaming facility manager to
provide qualified oversight, security and supervision of electronic gaming
machines including the use of qualified personnel with experience in
applicable technology;
(3) eligibility requirements for employees, contractors or agents of a
racetrack gaming facility manager who will have responsibility for or
involvement with electronic gaming machines or for the handling of cash
or tokens;
(4) background investigations to be performed by the Kansas racing
and gaming commission;
(5) credentialing or certification requirements of any employee,
contractor or agent as provided by the Kansas expanded lottery act or rules
and regulations adopted pursuant thereto;
(6) provision for termination of the management contract by either
party for cause; and
(7) any other provision deemed necessary by the parties, including
such other terms and restrictions as necessary to conduct racetrack gaming
facility operations in a legal and fair manner.

(e)(f) A person who is the manager of a lottery gaming facility in a
gaming zone shall not be eligible to be the manager of the racetrack
gaming facility in the same zone.

(f)(g) A racetrack gaming facility management contract shall not
constitute property, nor shall it be subject to attachment, garnishment or
execution, nor shall it be alienable or transferable, except upon approval
by the executive director, nor shall it be subject to being encumbered or
hypothecated.

(h) If a racetrack gaming facility manager agrees to conduct sports wagering, the Kansas lottery shall be the licensee and owner of all software programs used in conducting sports wagering, and the racetrack gaming facility manager, on behalf of the state, shall purchase or lease for the Kansas lottery any equipment or other property necessary for conducting sports wagering, including any interactive sports wagering platform. All sports wagering shall be subject to the ultimate control of the Kansas lottery in accordance with the Kansas expanded lottery act.

Sec. 13. K.S.A. 74-8751 is hereby amended to read as follows: 74-8751. The Kansas racing and gaming commission, through rules and regulations, shall establish:

(a) A certification requirement, and enforcement procedure, for officers, directors, key employees and persons directly or indirectly owning a 0.5% or more interest in a lottery gaming facility manager or racetrack gaming facility manager. Such certification requirement shall include compliance with such security, fitness and background investigations and standards as the executive director of the Kansas racing and gaming commission deems necessary to determine whether such person's reputation, habits or associations pose a threat to the public interest of the state or to the reputation of or effective regulation and control of the lottery gaming facility or racetrack gaming facility. Any person convicted of any felony, a crime involving gambling or a crime of moral turpitude prior to applying for a certificate hereunder or at any time thereafter shall be deemed unfit. The Kansas racing and gaming commission shall conduct the security, fitness and background checks required pursuant to this subsection. Certification pursuant to this subsection shall not be assignable or transferable;

(b) A certification requirement, and enforcement procedure, for those persons, including electronic gaming machine manufacturers, technology providers and computer system providers, who propose to contract with a lottery gaming facility manager, a racetrack gaming facility manager or the state for the provision of goods or services related to a lottery gaming facility or racetrack gaming facility, including management services. Such certification requirements shall include compliance with such security, fitness and background investigations and standards of officers, directors, key gaming employees and persons directly or indirectly owning a 0.5% or more interest in such entity as the executive director of the Kansas racing and gaming commission deems necessary to determine whether such person's reputation, habits and associations pose a threat to the public interest of the state or to the reputation of or effective regulation and control of the lottery gaming facility or racetrack gaming facility. Any person convicted of any felony, a crime involving gambling or a crime of
moral turpitude prior to applying for a certificate hereunder or at any time thereafter shall be deemed unfit. If the executive director of the racing and gaming commission determines the certification standards of another state are comprehensive, thorough and provide similar adequate safeguards, the executive director may certify an applicant already certified in such state without the necessity of a full application and background check. The Kansas racing and gaming commission shall conduct the security, fitness and background checks required pursuant to this subsection. Certification pursuant to this subsection shall not be assignable or transferable;

(c) provisions for revocation of a certification required by subsection (a) or (b) upon a finding that the certificate holder, an officer or director thereof or a person directly or indirectly owning a 0.5% to 5% or more interest therein: (1) Has knowingly provided false or misleading material information to the Kansas lottery or its employees; or (2) has been convicted of a felony, gambling related offense or any crime of moral turpitude; and

(d) provisions for suspension, revocation or nonrenewal of a certification required by subsection (a) or (b) upon a finding that the certificate holder, an officer or director thereof or a person directly or indirectly owning a 0.5% to 5% or more interest therein: (1) Has failed to notify the Kansas lottery about a material change in ownership of the certificate holder, or any change in the directors or officers thereof; (2) is delinquent in remitting money owed to the Kansas lottery; (3) has violated any provision of any contract between the Kansas lottery and the certificate holder; or (4) has violated any provision of the Kansas expanded lottery act or any rule and regulation adopted hereunder;

(e) a certification requirement and enforcement procedure for: (1) Employees of a lottery gaming facility manager or racetrack gaming facility manager who are directly involved in the conduct, operation or management of sports wagering conducted by such manager; and (2) those persons who propose to contract with a lottery gaming facility manager or a racetrack gaming facility manager for the provision of goods or services related to sports wagering. Such certification requirement shall include compliance with such security, fitness and background investigations and standards as the executive director of the Kansas racing and gaming commission deems necessary to determine whether such person's reputation, habits or associations pose a threat to the public interest of the state or to the reputation of or effective regulation and control of sports wagering conducted by the lottery gaming facility or racetrack gaming facility. Any person convicted of any felony, a crime involving gambling or a crime of moral turpitude prior to applying for a certificate hereunder or at any time thereafter shall be deemed unfit. Such certification shall be valid for one year from the date
of issuance. The Kansas racing and gaming commission shall conduct the
security fitness and background checks required pursuant to this
subsection. Certification pursuant to this subsection shall not be
assignable or transferable; and
(f) provisions for suspension, revocation or nonrenewal of a
certification required by subsection (e) upon a finding that the certificate
holder has: (1) Knowingly provided false or misleading material
information to the Kansas lottery, the Kansas racing and gaming
commission or to the employees of either entity; (2) been convicted of a
felony, gambling-related offense or any crime of moral turpitude; (3)
vviolated any provision of any contract between the Kansas lottery and
the certificate holder; or (4) violated any provision of the Kansas
expanded lottery act or any rule and regulation adopted hereunder.

Sec. 14. K.S.A. 74-8752 is hereby amended to read as follows: 74-
8752. (a) The executive director of the Kansas lottery and the executive
director of the Kansas racing and gaming commission, or their designees,
may observe and inspect all electronic gaming machines, lottery facility
games, sports wagering operations, lottery gaming facilities, racetrack
gaming facilities and all related equipment and facilities operated by a
lottery gaming facility manager or racetrack gaming facility manager.
(b) In addition to any other powers granted pursuant to this act, the
executive director of the racing and gaming commission shall have the
to:
(1) Examine, or cause to be examined by any agent or representative
designated by such executive director, any books, papers, records or
memoranda of any lottery gaming facility manager or racetrack gaming
facility manager, or of any business involved in electronic gaming
machines—or, lottery facility games or sports wagering operations
authorized pursuant to the Kansas expanded lottery act, for the purpose of
ascertaining compliance with any provision of the Kansas lottery act, the
Kansas expanded lottery act, or any rules and regulations adopted
thereunder;
(2) investigate alleged violations of the Kansas expanded lottery act
and alleged violations of any rules and regulations, orders and final
decisions of the Kansas lottery commission, the executive director of the
Kansas lottery, the Kansas racing and gaming commission or the executive
director of the Kansas racing and gaming commission;
(3) request a court to issue subpoenas to compel access to or for the
production of any books, papers, records or memoranda in the custody or
control of any lottery gaming facility manager or racetrack gaming facility
manager related to the management of the lottery gaming facility or
racetrack gaming facility, or to compel the appearance of any lottery
gaming facility manager or racetrack gaming facility manager for the
purpose of ascertaining compliance with the provisions of the Kansas lottery act and the Kansas expanded lottery act or rules and regulations adopted thereunder;

(4) inspect and approve, prior to publication or distribution, all advertising by a lottery gaming facility manager or racetrack gaming facility manager which includes any reference to the Kansas lottery; and

(5) take any other action as may be reasonable or appropriate to enforce the provisions of the Kansas expanded lottery act and any rules and regulations, orders and final decisions of the executive director of the Kansas lottery, the Kansas lottery commission, the executive director of the Kansas racing commission or the Kansas racing and gaming commission.

(c) Appropriate security measures shall be required in any and all areas where electronic gaming machines, sports wagering and other lottery facility games authorized pursuant to the Kansas expanded lottery act are located or operated. The executive director of the Kansas racing and gaming commission shall approve all such security measures.

(d) The executive director of the Kansas racing and gaming commission shall require an annual audit of the operations of each lottery gaming facility and ancillary lottery gaming facility operations and each racetrack gaming facility as determined by the commission. Such audit shall be conducted by the Kansas racing and gaming commission or a licensed accounting firm approved by the executive director of the Kansas racing and gaming commission and shall be conducted at the expense of the lottery gaming facility manager or racetrack facility manager.

(e) None of the information disclosed pursuant to subsection (b) or (d) shall be subject to disclosure under the Kansas open records act, K.S.A. 45-216 et seq., and amendments thereto.

Sec. 15. K.S.A. 74-8757 is hereby amended to read as follows: 74-8757. (a) A person less than 21 years of age shall not be permitted in an area where electronic gaming machines or lottery facility games are being conducted, except for a person at least 18 years of age who is an employee of the lottery gaming facility manager or the racetrack gaming facility manager. No employee under age 21 shall perform any function involved in gaming by the patrons.

(b) No person under age 21 shall play or make a wager on an electronic gaming machine game or a lottery facility game.

(c) No person under age 21 shall directly or indirectly make a wager on any sporting event or events or otherwise be permitted to engage in sports wagering.

Sec. 16. K.S.A. 74-8760 is hereby amended to read as follows: 74-8760. (a) Except in accordance with rules and regulations of the Kansas racing and gaming commission or by written authority from the executive
director of the Kansas racing and gaming commission in performing
installation, maintenance, inspection and repair services, it is a class A
nonperson misdemeanor for the following to place a wager on or play an
electronic gaming machine game or a lottery facility game at a lottery
gaming facility or place a sports wager with a lottery gaming facility in
this state: The executive director of the Kansas lottery, a member of the
Kansas lottery commission or any employee or agent of the Kansas lottery;
the executive director, a member or any employee or agent of the Kansas
racing and gaming commission; or the lottery gaming facility manager or
any employee of the lottery gaming facility manager.

(b) Except in accordance with rules and regulations of the Kansas
racing and gaming commission or by written authority from the executive
director of the Kansas racing and gaming commission in performing
installation, maintenance, inspection and repair services, it is a class A
nonperson misdemeanor for the following to place a wager on or play an
electronic gaming machine at a racetrack gaming facility or place a sports
wager with a racetrack gaming facility in this state: The executive director
of the Kansas lottery, a member of the Kansas lottery commission or any
employee or agent of the Kansas lottery; the executive director, a member
or any employee or agent of the Kansas racing and gaming commission; or
the racetrack gaming facility manager or any employee of the racetrack
gaming facility manager.

(c) It is a severity level 8, nonperson felony for any person playing or
using any electronic gaming machine in Kansas knowingly to:

(1) Use other than a lawful coin or legal tender of the United States of
America, or to use coin not of the same denomination as the coin intended
to be used in an electronic gaming machine, except that in the playing of
any electronic gaming machine or similar gaming device, it shall be lawful
for any person to use gaming billets, tokens or similar objects therein
which are approved by the Kansas racing and gaming commission;

(2) possess or use, while on premises where electronic gaming
machines are authorized pursuant to the Kansas expanded lottery act, any
cheating or thieving device, including, but not limited to, tools, wires,
drills, coins attached to strings or wires or electronic or magnetic devices
to facilitate removing from any electronic gaming machine any money or
contents thereof, except that a duly authorized agent or employee of the
Kansas racing and gaming commission, lottery gaming facility manager or
racetrack gaming facility manager may possess and use any of the
foregoing only in furtherance of the agent's or employee's employment at
the lottery gaming facility or racetrack gaming facility; or

(3) possess or use while on the premises of a lottery gaming facility
or racetrack gaming facility, or any location where electronic gaming
machines are authorized pursuant to this act, any key or device designed
for the purpose of or suitable for opening or entering any electronic
gaming machine or similar gaming device or drop box.

(d) Any duly authorized agent or employee of the Kansas racing and
gaming commission, a lottery gaming facility manager or a racetrack
gaming facility manager may possess and use any of the devices described
in subsections (c)(3) and (c)(4) in furtherance of inspection or testing as
provided in the Kansas expanded lottery act or in furtherance of such
person's employment at any location where any electronic gaming machine
or similar gaming device or drop box is authorized pursuant to the Kansas
expanded lottery act.

Sec. 17. K.S.A. 74-8766 is hereby amended to read as follows: 74-
8766. (a) There is hereby established in the state treasury the expanded
lottery receipts fund. Separate accounts shall be maintained in such fund
for receipt of moneys from each lottery gaming facility manager and
racetrack gaming facility manager. All expenditures from the fund shall be
made in accordance with appropriation acts upon warrants of the director
of accounts and reports issued pursuant to vouchers approved by the
executive director for the purposes set forth in this act.

(b) All lottery gaming facility revenues from lottery gaming facilities
and all net electronic gaming machine income from racetrack gaming
facilities shall be paid daily and electronically to the executive director. All
sports wagering revenues shall be paid weekly and electronically to the
executive director, but in no event prior to the completion and settling of
all bets for the sporting events for which wagers were placed. The
executive director shall remit all moneys received therefrom to the state
treasurer in accordance with K.S.A. 75-4215, and amendments thereto.
Upon receipt of the remittance, the state treasurer shall deposit the entire
amount in the state treasury and credit it to the respective account
maintained for the lottery gaming facility manager or racetrack gaming
facility manager in the expanded lottery receipts fund.

(c) The executive director shall certify weekly to the director of
accounts and reports the percentages or amounts to be transferred from
each account maintained in the expanded lottery receipts fund to the
expanded lottery act revenues fund, the live horse racing supplement fund,
the live greyhound racing purse supplement fund and the problem
gambling and addictions grant fund, as provided by the lottery gaming
facility management contract or K.S.A. 74-8747, and amendments thereto.
Upon receipt of the certification, the director of accounts and reports shall
transfer amounts from each such account in accordance with the
certification of the executive director. Once each month, the executive
director shall cause amounts from each such account to be paid to cities,
counties and lottery gaming facility managers in accordance with the
lottery gaming facility management contract and to racetrack gaming
facility managers in accordance with K.S.A. 74-8747, and amendments thereto, and the racetrack gaming facility management contract.

(d) Amounts remaining in an account in the expanded lottery receipts fund after transfers and payments pursuant to subsection (c) shall be distributed in accordance with the related lottery gaming facility management contract or racetrack gaming facility management contract.


Sec. 19. This act shall take effect and be in force from and after its publication in the statute book.